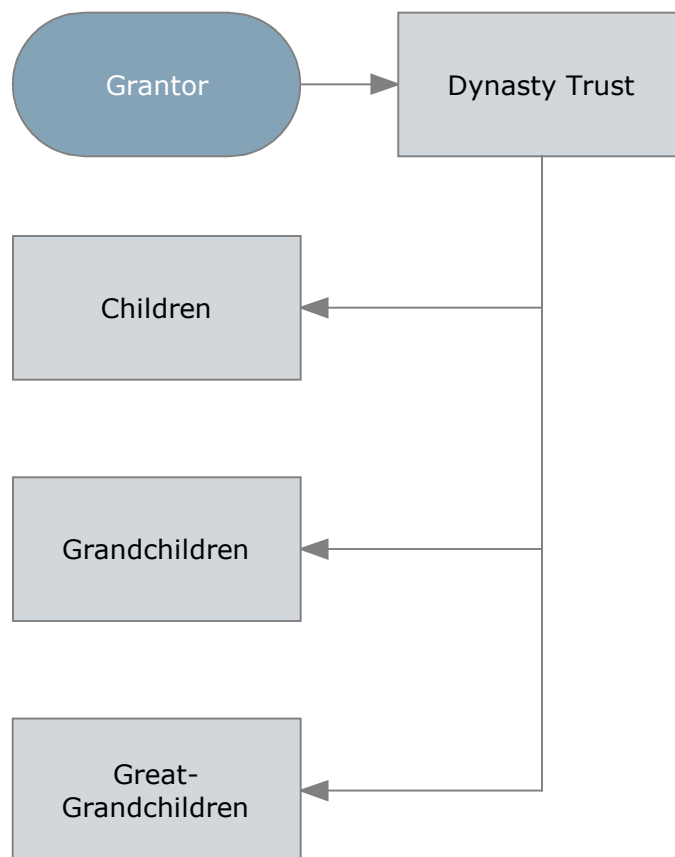


## What is a Dynasty Trust?

A Dynasty Trust is a trust that continues for approximately 100 years or longer and provides payments to future generations, without any additional estate or generation-skipping transfer taxes.

This is different from the standard estate plan whereby husband and wife usually leave all of their assets outright to their children equally when the surviving parent dies.

This type of trust continues for the couple's children for their lifetimes, with the children receiving payments from the trust. As each child dies, the trust then continues for the deceased child's children (the couple's grandchildren) with payments for the grandchildren during their lifetimes. Depending on a number of factors, the trust may continue for great grandchildren and even future generations beyond great grandchildren.



## Why use a Dynasty Trust?

A dynasty trust is created to provide for future generations while minimizing overall transfer tax. With a dynasty trust, a taxpayer transfers assets to the trust. This transfer, from the taxpayer (the grantor) to the trust, is potentially subject to transfer tax (although the taxpayer may use his or her exemption amounts to shield the transfer from tax). The trust then provides for future generations for as long as it exists. Although the trust assets effectively move from generation to generation, there are no corresponding transfer tax consequences.

## Suitable clients

- High net worth individuals
- Individuals with family heirloom assets (e.g., vacation home or jewelry) or who desire to keep assets within the family for more than one generation.

## Advantages

- Can be structured to preserve family wealth for generations
- Minimizes transfer taxes
- Can be structured to protect assets from spendthrift beneficiaries, spousal divorce claims, and unforeseen creditors and claimants

## Disadvantages

- Trust is irrevocable
- Leaves future generations with limited flexibility to manage changes in circumstances